

## Message Text

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ACTION EUR-25

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C O N F I D E N T I A L USNATO 0218

E.O. 11652: GDS , 12/31/80

TAGS: MCAP, NATO

SUBJECT: BURDENSARING-INTERNATIONAL SECRETARIAT ASSISTANCE

REF: (A) USNATO 0104; (B) USNATO 0217; (C) STATE 236820

SUMMARY: AS DIRECTED BY NAC, NATO ECONOMIC DIRECTORATE IS WORKING WITH NATIONAL DELEGATIONS TO IDENTIFY AND QUANTIFY PURCHASES BY ALLIES CREDITABLE AS MILITARY PROCUREMENT UNDER JACKSON-NUNN. CRUCIAL TO THIS EFFECT IS EARLIEST POSSIBLE KNOWLEDGE OF US DEFINITIONS AND CRITERIAL OF ELIGIBLE PURCHASES. THIS CAN BEST BE ACCOMPLISHED BY CONSULTATION, PREFERABLY IN BRUSSELS, BETWEEN REPRESENTATIVE OF US INTER-AGENCY GROUP AND NATO ECONOMIC DIRECTOR.

ACTION REQUESTED: ADVICE AS TO HOW SOON APPROPRIATE US OFFICIAL COULD CONSULT WITH MISSION AND ECONOMIC DIRECTOR TO CLARIFY ACCOUNTABILITY UNDER JACKSON-NUNN.  
END SUMMARY.

1. UNDER TERMS OF REFERENCE PROVIDED BY THE NAC JANUARY 9 (REF. A AND PO/74/3), NATO'S ECONOMIC DIRECTOR IS  
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NOW WORKING WITH ALLIED DELEGATIONS ALONG THE LINES HE OUTLINED DURING HIS NOW. 1973 VISIT TO WASHINGTON (REF. C) TO IDENTIFY AND TABULATE PURCHASES WHICH MAY BE CREDITABLE AS MILITARY OFFSET PROCUREMENT FOR PURPOSES OF JACKSON-

NUNN AMENDMENT. ECONOMIC DIRECTORATE CHAIRMAN HAS DISTRIBUTED TO ALLIED DELEGATIONS A QUESTIONNAIRE (DRAWN UP ON THE BASIS OF NOMENCLATURE SET OUT IN NATO DEFINITIONS OF DEFENSE EXPENDITURES) REQUESTING INFORMATION ON PURCHASES OF ARMAMENTS, MILITARY EQUIPMENT RELATED TO DEFENSE, AND EQUIPMENT COMPONENTS USED IN NATIONAL PRODUCTION OF DEFENSE EQUIPMENT, WITH THE REQUEST THAT REPLIS BE SUPPLIED BY JANUARY 31. NATIONAL DELEGATIONS ARE EXPECTED FIRST TO SUPPLEMENT AND REFINE THE LISTING AND LATER TO QUANTIFY PURCHASES. THE ECONOMIC DIRECTORATE PLANS TO EXPEDITE QUANTIFICATION BY WORKING WITH APPROPRIATE AUTHORITIES IN NATIONAL CAPITALS--BEGINNING WITH BELGIAN AS SOON AS POSSIBLE.

2. OBVIOUSLY, EARLIEST POSSIBLE GUIDELINES FOR THE DEFINITIONS AND CRITERIA FOR MILITARY PROCUREMENT CREDITABLE UNDER US LAW ARE CRUCIAL TO THIS EFFORT BY THE ECONOMIC DIRECTORATE. THEREFORE, MISSION RECOMMENDS THAT AS SOON AS PRACTICABLE A SENIOR REPRESENTATIVE OF THE US INTER-AGENCY GROUP DEALING WITH US RECEIPTS UNDER JACKSON-NUNN VISIT BRUSSELS TO CONSULT WITH USNATO AND WITH NATO'S ECONOMIC DIRECTOR. IF NECESSARY, ECONOMIC DIRECTOR IS PREPARED TO VISIT WASHINGTON FOR SUCH CONSULTATIONS.

3. WHILE A MULTILATERAL AGREEMENT TO RESOLVE ONCE AND FOR ALL OUR FORCE STATIONING BOP PROBLEM IS A DESIRABLE LONG TERM GOAL, SUCH ARRANGEMENTS ARE UNATTAINABLE IN THE PRESENT ECONOMIC CLIMATE. THE ONLY MULTILATERAL ARRANGEMENTS WE CAN REALISTICALLY HOPE FOR IN THE SHORT-RUN--AND THEY THEY ARE BY NO MEANS SCERTAIN--ARE ADJUSTMENTS IN OUR SHARE OF NATO BUDGETS AND THE EUROPEAN PIPELINE DEFICIT. THEREFORE, AS A PRACTICAL, SHORTER TERM ARRANGEMENT, WE FEEL IT NECESSARY TO SEARCH NOW FOR EVERY LEGITIMATE MEANS TO MEET THE REQUIREMENTS OF US LAW. TO THIS END, IT IS ESSENTIAL THAT WE ATTEMPT TO IDENTIFY FULLY ALL PURCHASES BY OUR ALLIES CREDITABLE AS MILITARY PROCUREMENT. CONFIDENTIAL

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MENT. INVOLVEMENT OF NATO'S INTERNATIONAL STAFF IS MOST HELPFUL AND DESIRABLE FOR THE FOLLOWING REASONS:

(A) MULTILATERAL NATO INVOLVEMENT WHICH WE HAVE EMPHASIZED WILL BE MAINTAINED; (B) MEMBERS OF THE ECONOMIC DIRECTORATE HAVE A GOOD KNOWLEDGE OF EUROPEAN ACCOUNTING PROCEDURES BEYOND THAT POSSESSED BY MOST AMERICANS; AND (C) EACH ALLY WOULD BE SATISFIED THAT ITS TRADE ACCOUNTS WERE BEING REVIEWED OBJECTIVELY BY A THIRD PARTY ON THE SAME BASIS AS THOSE OF OTHER ALLIES.  
RUMSFELD

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